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SUBJECT: UNCERTAINTY SURROUNDS CURACAO'S MAY 15 REFERENDUM OUTCOME

REF: CURACAO 000012

11. (SBU) SUMMARY: Polls for Curacao's May 15 referendum on agreements relating to dissolution of the Netherlands Antilles (reftel) are limited, but seem to give the "YES" vote a solid lead. The current governing coalition strongly supports the agreements' provisions for Dutch assistance on Antillean debt in exchange for enhanced financial oversight. The Opposition is encouraging people to vote "NO", calling the agreement a form of re-colonization. Many believe the Opposition receives funding for its campaign from the Venezuelan government, which is critical of the USAF counter-drug presence on Curacao and Aruba. The Dutch have warned recently that a "NO" win would mean the end of ongoing debt restructuring, while the effect on other aspects of the Antilles' dismantling process remain unclear. As Parliamentary elections are due by March 2010, the referendum is shaping up as a political test of strength and threatens to polarize Curacao voters. END SUMMARY

12. (U) BACKGROUND: The Netherlands Antilles (NA) is in the process of dissolution, although all five islands will remain part of the Kingdom of the Netherlands (KON). Curacao and St. Maarten will have semi-autonomous status similar to Aruba, while Bonaire, St. Eustatius, and Saba (the BES islands) will become special municipalities of the Netherlands. The other members of the NA say they intend to continue with dissolution regardless of the referendum's outcome.

13. (SBU) POLLING: According to Post contacts, unpublished surveys by ruling coalition party operatives claim a trend in favor of a solid "YES" win, with their latest April poll of 1000 voters supposedly giving "YES" 60 percent to 22 percent for "NO". A poll on the "NO" website (www.vota-no.com) of nearly 3000 voters shows "NO" leading 53 percent to 38 percent. A similar poll of 1200 voters on the "YES" website (www.korsou-si.com) showed 77 percent supporting "YES" versus 21 percent "NO". A poll conducted by the University of the Caribbean in early April, which tried to create a fair sample, found approximately 50 percent intending to vote "YES" with 30 percent supporting "NO". One indication that the race might be closer than anticipated is that, during the 2006 parliamentary election, 34,000 voters out of the total of 70,000 voted for parties that currently support the "NO" campaign.

14. (SBU) VENEZUELA FUNDING "NO"?: Various business groups and organizations funded by wealthy businessmen, including in the Netherlands, are actively promoting the "YES" vote. Post's business, media, and political contacts indicate that "YES" currently outspends "NO" by approximately three to one. Management of Curacao's leading bank is openly supporting the "YES" campaign. The influential bank executives and others in

the financial sector have called voting "NO" "suicidal for the investment climate" as it would put at risk approximately 2 billion USD in debt relief (nearly 70 percent of total Antillean government debt). The "NO" supporters have had less success in finding local funding. GONA officials, however, are concerned that the Venezuelan Government is funneling cash to opposition parties and the "NO" campaign, as Caracas seeks to diminish Dutch influence and opposes the USAF counter-drug Forward Operating Locations (FOLs) on Curacao and Aruba. Former vice-PM Errol Cova has categorically denied any Venezuelan funding for the "NO" campaign, but added "tell me where there is money in Venezuela and I will go knock on the door."

¶5. (U) RULING COALITION CONFIDENT: The governing coalition has beefed up its "YES" campaign this month and, if its polls are accurate, it is having the desired effect. The coalition has focused on the benefits of debt relief and asserted that renegotiating with the Netherlands for a better deal would not be possible, especially during the current worldwide economic crisis and given the political climate in the Netherlands. One source of criticism regarding the agreement has stemmed from Curacao's ongoing rivalry with Aruba. Aruba stepped out of the Netherlands Antilles in 1986, largely because of Curacao's dominating role. Now many Curacao voters think they might achieve less autonomy within the Kingdom than Aruba. The governing coalition observation that Aruba did not receive debt relief has dampened, but not eliminated, this view.

¶6. (U) OPPOSITION PARTIES ACTIVE: Fewer than 1000 protestors joined in a peaceful rally in support of the "NO" vote April 19. The rally was organized by opposition parties NPA and the Sovereign People's Party together with the PLKP party of former vice-PM Errol Cova. For symbolic reasons the rally started at the "National Slavery Monument", injecting an element of racial

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identity to the event. The march ended at another symbolic site, the downtown square named after Curacao-born Admiral Brisan, who fought alongside Bolivar for Venezuelan independence.

The "NO" campaign has focused on the provisions for continued financial and judicial oversight by the Dutch, calling them a form of re-colonization. "NO" supporters are primarily from poorer segments of society but also include several prominent figures, including a former Island Governor who is a member of the governing coalition National Party. The "NO" vote has not provided an alternative for how it will proceed if victorious, but is expected to do so shortly before the vote in hopes of a last-minute surge.

¶7. (U) DUTCH DOUBTFUL: The "YES" camp received a boost recently when the GON agreed to begin phased debt relief as of April 01 and not wait for the referendum results. The Dutch State Secretary for Kingdom relations provided a dose of reality during a visit here this week when she warned that the debt restructuring will be discontinued if "NO" wins. She also continued to cast doubt on St. Maarten's readiness to assume a new status by January 2010.

¶8. (SBU) COMMENT: Although there is a lack of reliable polling information, the governing coalition has expressed increasing confidence in recent weeks that the "YES" vote will win. Some Opposition party members acknowledge that "YES" support is growing, but see the referendum as an opportunity to energize their voting base for possible 2010 parliamentary elections. A "NO" victory would throw the Antillean political landscape into even greater confusion. The GON, BES islands, and St. Maarten have all stated that dissolution will continue regardless of Curacao's referendum outcome. This could leave Curacao more isolated and in a weaker position to negotiate any changes to the current agreements with the Dutch. END COMMENT.

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